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AMERICA HAS CHOSEN

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A few months ago a sandy land farmer in East Texas was testifying for the state in one of those interminable land suits. His evidence was proving quite devastating to the oil company which had brought the suit. The attorney for the company tried to break the effect of his testimony by proving that he was not an expert witness. Finally, as a last resort, he said, "By the way, can you read?" "Well," retorted the farmer, "I can read the figures on 'em." The lawyer said, "What do you mean by the figures on them?" "Well, you know these big road signs along the highway? I can tell how fur it is, but I don't know where to." With world conditions as they are, I am afraid the farmer had the advantage of most of us.

A few years ago, Secretary Wallace published a book entitled "America Must Choose." Well, America has chosen.

Choices are never made without reference to what has gone before, either by individuals or nations. All of our choices are conditioned by many other choices that we have made in the past. We say England and France made a great choice on September 3, 1939. But behind that choice were Munich, and Versailles, and Sedan. Our choices, if there be choices left to us today, are conditioned by everything we have done from here back to Philadelphia of 1776. In 1920 we made a choice, and I think lost a chance to build a decent democratic world; one in which many small, semi-sovereign states could have maintained their existence for a long time to come.

In 1939 three choices remained open for Europe. (I believe we may be included in those choices.) One was some form of united states of Europe, along the lines suggested by Briand (which inevitably would have expanded into a world league of states); the second was a National Socialist order, under the leadership and domination of Germany; the third, international communism. It is obvious that a system of twenty-seven wholly autonomous nations in a territory smaller than the United States, each with its tariff boundaries, its quotas, its managed currency, its passports and a thousand other devices for preventing the free flow of men and ideas and goods across those lines, is obsolete. Such a situation simply couldn't exist any longer.

We must have some sort of order in our human societies or we cannot live together at all. By order I mean the set of rules under which the community lives; rules that are understood by the community and that are approved by at least a majority of its citizens. The size of the community within which such an orderly way of life must exist is a function of technology.

-- Changes Affect European System --

Three hundred years ago we could have little self-sufficient counties or provinces in Europe, or England, or the United States, each with its own code of laws and practices and business customs. But when we got railroads cutting straight across those territorial boundaries; and the electric telegraph and telephone and newspapers bringing ideas across those boundaries; and factories requiring raw materials, and workmen, and markets from across those boundaries, the boundaries vanished. By 1920 a Balkanized Europe was as obsolete as block printing. Airplanes and radios and a thousand other devices for producing and distributing goods and ideas and people about the world, made such a situation intolerable.

Now, let's see what choice remains to the United States in 1940. Unfortunately, in attempting to answer that question, we must do some guessing. What happens on the other side of the Atlantic within the next three months will, to a great extent, delimit the field of our choice. Guessing as to what may happen in Europe, from this distance, is at best a precarious venture. But guess, we must.

From a swift reading of recent history, it seems highly probable that Britain will be crushed. If this means, as it probably will, that Europe will be re-organized as a gigantic national-socialist empire under the domination of the Prussian war-lords, we inevitably face drastic readjustments within our own internal economy.

If Hitler takes over the British fleet (and what is left of the French, Dutch, Belgian, and Scandinavian navies as well) he will, I believe, be in a position to choose one of three courses. If he looks upon the United States as the one remaining major democratic power, standing in the way of effective world-domination, he may choose war. What that choice would mean to us is beyond my power of divination.

But there are two other choices left to Mr. Hitler, either of which poses problems for us only slightly less difficult than those of total war. In any case, Europe will probably be reorganized as a gigantic national-socialist unit. It will need raw materials -- food and fiber and oil -- for its factories. It will have shoes and textiles and farm implements and other manufactured products to trade; commodities produced in some of the finest factories in the world -- by men working long hours at starvation wages. The German high command will be in a position to trade its commodities for the raw materials it needs. They may choose to make their trade with the Latin-American republics to the South of us. Mexico and Venezuela have vast surpluses of oil. Argentina has wheat and cattle and hogs. Mexico and Brazil have cotton. Many of the Latin-American countries have other foods and fibers and raw materials which Hitler's Europe will need. Who can doubt that he will use his trading advantages with Latin-America to extend the domain of his political and social ideas?

-- Outlet for U. S. Surpluses Threatened --

And where will that leave us? We have surpluses of oil and wheat and hogs and cattle, and other raw materials which we have customarily traded to the various European nations. If Hitler chooses to do all his trading with the nations south of the Rio Grande, we will be left sweltering in our vast surpluses of raw materials -- and idle factories, and unemployed industrial workers. Furthermore, our conception of hemispheric solidarity, both economic and ideological, will be gone with the wind. Furthermore, such a situation will bring us face to face with the problem of how far we are willing to go in defense of the Monroe Doctrine.

There is still one other choice left open to a national-socialist Europe. Individual groups within the United States may be offered opportunities to trade, on what seem to be excellent terms. The vast confusion which this would engender among our own people has certainly not been overlooked by the German high command. For nearly a century most of the cotton from my state (Texas produces almost a third of the American cotton crop) has been sold to England. If Hitler should offer the cotton farmers and merchants of Texas his manufactured goods for their cotton, at ratios far better than those offered by Pittsburgh and Moline and Detroit -- which he could probably do -- the fat would be in the fire. The oil companies, the steel producers, the sulphur interests, the wheat and tobacco and corn and live-stock farmers, and many other groups might be approached with the same proposition -- and the same result.

I am assuming, you will note, that it will be next to impossible for us to make one of the choices described by Mr. Wallace in his book: the choice of building a Chinese wall about the United States, and of attempting to live at home. Such a choice might, in some imaginable circumstances, be an advisable one. I think it is not a choice that is available to us today. It might have been possible a century ago. Modern technology, methods of producing and distributing physical goods, and means of disseminating ideas around the world, make it impossible today.

A few years ago, a group on the King Ranch were celebrating a notable achievement by Frank Hawks. He had cut off 27 minutes in the air time between New York and San Francisco. One of the men who sat at the campfire was an old express rider who had ridden the lines west of St. Joe seventy years ago. After hearing the compliments which the group paid to Hawks, he remarked: "You cut off 27 minutes between New York and San Francisco? Hell, man, we cut off 27 days!" That is what has happened to our world in one lifetime. A century ago months lay between the New World and the Old. Goods and men and ideas were distributed slowly and at great expense. It was farther from Washington to New York than it is from Washington to Berlin today. You have just heard a reporter comment that he had breakfast yesterday morning in Lisbon; tonight he is reporting on the Republican Convention in Philadelphia.

-- Nations Drawn Close to Each Other --

In Menard County, Texas, when I went there 47 years ago, we lived our own lives with slight contact with the outside world. Almost everything we consumed was produced in the local community. We didn't even have a Sears-Roebuck catalog. Ideas from the great outside world percolated slowly. Europe might go through the throes of revolution or war -- we never heard of it for months. Today Menard County sells its cotton to Lancashire, its cattle and hogs to Chicago and

London; we buy our transportation from Detroit, our farm implements from Moline, our breakfast food from Battle Creek, and our ideas from San Simeon. If the monsoons in India are just right, the price of cotton in Menard County reflects that fact. If Japan makes war on Manchukuo, our cotton merchants and junk dealers know it next morning. Whether we like it or not, the boundaries of Menard County touch Sydney and Archangel.

Whether Mr. Hitler chooses war or peace, we are facing drastic readjustments in our internal economy. Dave Coyle has said, in a recent pamphlet, "The United States is not prepared for war; but we are even less prepared for the kind of peace we are going to have after the war in Europe."

Whether we meet the national-socialist challenge on the field of battle or in the trade marts of the world, it is obvious that we are going to make military preparations such as the United States has never made in peace times. That will require at least four major shifts in national policy. Whatever the cost, we must have, in vast quantities, the materials essential to war. By rare good fortune, we already possess more of those materials than any other country in the world. However, there are about a dozen vital ones which are not found in adequate amounts within continental United States. From outside sources, we must obtain rubber, tin, tungsten, manganese, antimony, chromium, and mercury. Fortunately, all of these commodities can be stored indefinitely. We must immediately secure supplies of them adequate for any emergency. Furthermore, it would be the part of wisdom to maintain friendly relationships with the countries which produce those things. We should also explore all possibilities of providing acceptable substitutes.

-- Agriculture is Prepared --

Quite as important in war as these direct military commodities, is food and clothing for the people. For once, the Agriculture Department can take a bow. Agriculture is better prepared for either war or peace than is any other major American industry. In our ever-normal granaries, we have food and fiber against any imaginable contingency. If America did not produce a bale of cotton next year, we should still have adequate clothing for everyone. On food and clothing America is fully prepared.

Two other things have been done by the Department of Agriculture which, in the long run, may prove as valuable as our supplies of food and fiber. First, you have stored in the soil through your program of soil building, a capacity to produce a constant stream of goods. Second, you have trained two or three hundred thousand men and women -- state and county and community committeemen, county agents, home demonstration agents, and your own personnel, in the democratic technique of operating a vast industry in line with national policy. For the long pull, this may prove more valuable to the democratic ideal, and to American national life, than either of the others.

On another front, the situation calls for a new form of preparedness. Throughout our national history, we have considered the ideal of free business enterprise so valuable, and so fundamental, that we have permitted individuals and corporations to engage in foreign trade even when their business was clearly not in the public interest. That situation is no longer tolerable.

Foreign trade which is clearly against the national interest must be stopped.

The interest of any group today, large or small -- labor, agriculture, finance capital, manufacturing, transportation, utility, trade, natural resources, or any other -- when it runs counter to the interests of the community, must give way to the greater interest. Again paraphrasing Dave Coyle: "For all these years, we have been trading our oil and sulphur and copper and cotton to Germany for cameras and Christmas tree ornaments and wooden dolls. We have permitted this to go on because we thought it was good. It is nice to have toys. But when the life of the nation is at stake, toys are not so important. If we keep up this sort of thing, we will trade ourselves into a colonial position, with the power in Europe and the toys in America."

This is going to require some regimentation to which American business men have not heretofore been accustomed. A year or so ago, a member of the British Parliament, I believe at one time president of Rotary International, was talking to a Rotary convention in San Antonio. During the talk he was questioned closely on why Britain permitted the sale of oil and steel and other products to Italy at the very time that the Empire was trying desperately to block the Italian invasion of Ethiopia. His answer was, in effect, "If we do not sell them oil and steel, you will. You have not been able to control Standard Oil; well, we have not been able to control Dutch Shell."

-- Trade Policies Affect National Strength --

Free trade and free business enterprise have been defended by every American economist for the past century; but, so far as I know, not one of them has ever defended the right of an individual or of a corporation to engage in trade which is clearly against national interest.

As a matter of fact, there has been a lot of loose thinking on this matter of foreign trade. Obviously, trading those things of which we have an unusable surplus for things we need is good public policy. But it ceases to be good public policy when we are trading away the future strength and security of our people. To take one simple case in point: My State has been trading its cotton to Europe for a hundred years. It is estimated that for every bale of cotton that we have produced and sent to Europe, we have run 130 tons of top-soil into the Gulf. In Hays County, where my father and his brother started cotton farming in 1868, at least three fourths of the rich black-waxy top-soil -- the richest cotton land in the world -- is now in the sea. We produce a bale of cotton representing the loss of 130 tons of top-soil, send it to Europe and trade it for an ounce of gold. Then we bring the gold over and bury it in Kentucky. We laugh at the Indians who sold Manhattan Island for \$20 worth of glass beads. They were smart traders. They wore the glass beads, and played with them, and bought wives and whiskey with them -- and enjoyed them thoroughly! We are trading our heritage for gold -- and putting the gold back in the ground. I do not mean to say that the foreign trade in cotton should be stopped. But I do mean to say that foreign trade must serve the national interest.

There is a fourth set of readjustments of our internal economy, which, I think, are more important than all those mentioned above, and which probably call for greater change in our customary business practices. Since the very beginning of our national history private monopoly has been steadily advancing on all

fronts. Every great leader from Thomas Jefferson to the present day has inveighed against it but the vast majority of the citizens of the United States have been busy about other matters. We have brought a vast empire under cultivation. We have dotted a continent with cities and towns and villages. We have joined those communities with bands of steel and copper wire and concrete. We have raided the treasure chests of nature for our oil and copper and iron ore and coal. We have built a vast, sprawling, industrial empire -- the richest the world has ever known.

-- Monopoly Strikes at our System --

But we have permitted private monopoly to nibble away at the vitals of our system of democracy and free business enterprise. Now, perforce, we must do something about it. Whether we are to meet a national socialist Europe and an international communist Asia -- or possibly a national socialist Asia with its headquarters in Tokyo -- on the battlefield or in the markets of the world, we have got to stop this nonsense.

Private monopoly in such a system as ours is outrageous nonsense! It was nonsense which we could afford in piping days of peace -- because we were an inordinately rich people. Furthermore, we failed to see the devastation it wrought. It is nonsense which we cannot longer afford.

Private monopoly has three disastrous effects: In the economic sphere it raises prices, lowers (prevents improvement in) quality, and causes unemployment. In the industrial field it sabotages production and stifles improvements in technology. In the political field it causes corruption and stymies the democratic process. All this the economists have been saying for two centuries. The people have been too busy with their own jobs to listen. The monopolists, as Daniel Webster prophesied one hundred and twenty years ago, have become rich and powerful; they have been able to delude the people and fasten their hold upon many vital bottle necks of the industrial machine. If we are to have an adequate national defense in either the military or the economic sense private monopoly must be stopped.

The private monopolist wants to make a profit. There is nothing extraordinary about that. For one hundred and fifty years we have been taught that the desire for profit is an adequate and satisfactory basis upon which to organize our business system. Most of us still believe that is true. I certainly do -- provided it be distinctly understood that the desire for a profit will induce the individual to put forth his best effort in producing the goods and services that the community needs and wants. But this is exactly what does not happen in the case of monopoly profits. In order to make monopoly profits the monopolist must sabotage production -- and cause unemployment. If he keeps all his men working, all his plants running to capacity -- producing to his limit, and selling what he produces -- his prices will be exactly where they would be under free and open competition. But that isn't what the monopolist does. He determines, as best he can, the price at which he will make the greatest profit, and then produces the output which he can sell at that price.

-- Sabotage of Production --

Let me say here that I do not think the monopolist should be condemned on moral grounds. I am not implying that he is a wicked man. He is simply

doing the thing which he thinks will make the most profit; and he, along with the rest of the community, has probably been deluded into thinking that that is a part of our fundamental ethical way of doing. But there is a vital difference between making a profit by the intelligent use of one's skill and resources and by the deliberate sabotage of production.

Let me give you one illustration of what I am talking about. There is an oil field in East Texas. You may have heard of it. It was discovered quite by accident. The geologists for the major companies had proved conclusively that there was no oil in the region. An East Texas cotton farmer insisted they were wrong. Dr. Will Alexander says the poor cotton farmers have an advantage over the rest of us: they can study astronomy through their roofs, and geology through their floors. This floor geologist proved to be right.

The major companies had not had an opportunity to lease all the oil lands. Every farmer who had ten acres of land put down a well. Every man who owned a lot in town drilled on it. Every family that owned a cemetery plot just dug up Aunt Suzy and drilled an oil well. Within six months hundreds of wells were producing at the rate of twenty or thirty thousand barrels each per day. The field was producing more oil than any State in the union had produced the year before.

The industry was faced by what one of its great leaders called chaos -- by which he meant competition, and lower prices. You corn and wheat and tobacco farmers know what that means. In that situation the governor of the state -- who well understood the situation, himself having been a major oil man -- declared an emergency. The sons of Texas cotton farmers in the militia were sent to East Texas to run that oil through a rifle barrel -- so their fathers would continue to pay eighteen cents for gasoline.

— Conserving Monopoly Profits —

There are now almost thirty thousand wells in East Texas. The best of them have a potential capacity of thirty thousand barrels per day. They are permitted to produce only twenty-two barrels per day -- for eighteen days per month. All this is done, of course, in the name of conservation. We must maintain bottom-hole pressure. I think that means that we must maintain the pressure in the bottoms of pants' pockets -- to maintain a steady flow of profits to New York. No sane man wants to waste our valuable and non-replaceable resources. But there is a vast difference between conserving resources, and conserving monopoly profits.

You know, it might be a good idea to conserve some of our other natural wealth. Certainly we have no other resource which compares in long range importance with our rich top-soil. What would happen if we should prorate cotton, using the same basis employed by the oil companies in East Texas? That would mean that each farmer would be allowed to plant only thirteen stalks to the acre -- or less than one acre out of each section. Not only would this conserve the black-waxy for future generations, it would also provide jobs for every unemployed man in Texas -- in the militia. We would have to put a soldier boy on every fence post to prevent the farmers from running hot cotton all over the place.

The story of oil can be repeated, in smaller degree, in leather and sulphur and glass and steel and farm implements and electricity and transportation and a score of other industries. If we wish to measure the extent of sabotage of production we have only to observe what happened between 1929 and 1933. The major agricultural industries, and the vast number of handicraft industries and petty trades -- which, as Walton Hamilton observed, live in the crevices of big business -- continued to act just as Adam Smith and Thomas Jefferson said they would -- and should: they continued to produce to the limit of their capacity. Automobiles, farm implements, iron and steel, plate glass, cement, bricks, sulphur, and aluminum -- and a dozen others -- decreased their production on the average by more than two thirds. Those industries which were still competitive saw their prices decline by approximately the same amount.

In short, about one third of our total industry has become monopolized to the extent that it can control production and fix prices. Even without the overwhelming necessity of national defense, we found this situation intolerable in 1932. We have moved to alleviate it, in a slow and cautious and sporadic manner, during the past half dozen years. The AAA was and is a justified and successful move to enable farmers to stop wasteful overproduction as a means of protecting farm buying power from the crushing effects of monopoly price controls. Yet, the situation we now face makes far more drastic action imperative. So long as the problem involved only a more intelligent organization of our economic system -- a fairer distribution of our goods and services -- economic justice as between the major groups in the country -- even the matter of providing work for some millions of unemployed, we could afford to proceed with a halting, piecemeal program. But when the life of our nation and the ideas and ideals for which it stands are the issue, half way measures are not adequate.

-- Monopoly Bars New Technology --

Private monopoly not only is compelled to sabotage production, to cause unemployment, and to throw the whole economic machine out of adjustment, it must also prevent the introduction of new technology. A more efficient tool in the hands of an alert rival is a serious threat to the monopolist. He must see to it that no such tool appears. Twenty-eight years ago Woodrow Wilson wrote a book called "The New Freedom", in which he pointed out that the custom of buying up patents and locking them in the morgue was one of our most disastrous business practices. That practice has grown with the years. A nation fighting for its life cannot countenance such practices.

There is one other effect of monopoly which should never be overlooked. All monopolies rest upon some special grant of sovereign power by the government. So long as special grants can be made undue influences will be brought to bear upon government agents. We often grow excited about political corruption. No agent of the government ever sold anything but a special privilege -- whether it be a franchise, or a contract, or a pardon from the penitentiary. He has nothing else to sell. The most valuable special privileges in our world are monopoly grants. So long as they may be had by private individuals and corporations, somebody will try to buy them. The corruption in government may be roughly gauged by the number and variety and value of special privileges. If we think democracy is worth fighting for and dying for -- and if we do not then know what is all the argument about -- we had better see to it that monopoly, which is the antithesis of, and the greatest enemy to democracy, is stopped..

Now, what is this thing we call democracy -- the American way of life -- which we have chosen to defend without counting the cost? I think its fundamental values are spiritual. They are the things which the philosophers have held before us throughout all ages. They are the eternal values which men have always wanted: the dignity, the integrity of the individual human being; the right of the individual to express himself, to do the thing he likes to do in his own way; freedom for the individual in selecting his own job and his political faith and his religious creed; the right of every individual to an opportunity to develop and use his talents; and the right to determine group policies through the use of democratic processes. In the economic sphere we believe in the right of the individual to complete freedom of action, so long as his interest is not opposed to the interest of the group. This is our ideal. Of course, we have never reached it. But it points in the direction we want to go, the direction in which we should like to see all men go. We want to live in a world in which these values are supreme. We still think such a world can be built. I think we are about the slow and painful process of building it.

-- Democracy Superior System --

But if we are going to induce other people to accept our ideal, or even to give us an opportunity to work it out here for ourselves, we must never lose sight of that ideal. I believe it is possible to build our own country to that ideal -- and to make it so strong that no autocracy would dare attack us, and at the same time to make it so desirable that the other peoples of the world would want to emulate us.

A true system of democracy and free business enterprise would not have to fear the competition of any autocracy in the markets of the world. Autocracies are not efficient either in war or in peaceful economic pursuits. They may seem to be efficient because the decision of the autocrat can be made quickly. In the long run the overwhelming advantage of a system of free men lies in the fact that it calls into play the intelligence and skill of millions of little men, making millions of little decisions, day by day. In autocracies the little men are afraid to make decisions; they must wait upon orders from above.

We have seen that system applied by government and also big businesses. It is always inefficient. We are sometimes misled by its apparent successes. We measure those successes in terms of profits in the business world, and in terms of territorial aggrandizement and domination over the lives of millions of people, in the political sphere. In both cases we are measuring by false standards. The true values in the economic world run in terms of the most efficient use of our resources -- human, natural, and technological -- in producing the goods and services which the people of the community need and want. In the political world they run in terms of the security and peace and dignity and liberty of the individual.

We are often told that we owe a responsibility to our children, and those who are to come after us. I think we owe another responsibility of equal force. We owe a debt to those who have gone before, who have worked to make a more decent world -- without counting the cost. Some were burned at the stake; some were killed in battle; some died on the rack; some were crucified; some lived long, useful and peaceful lives. We owe them a debt which can only be paid by carrying the torch -- and the sword -- they have thrown us.

We sometimes grow pessimistic when we see the devastation in Europe. I think we should remember what Lord Bryce said almost a half century ago: "Democracy has not been tried and found wanting; democracy has been found difficult and hasn't been tried." Democracy will not fail us in America; we may fail democracy. But we need not do so; and I think we will not.

-- Our Responsibility Incomparable --

However, if we are to make democracy impregnable -- if we are to make a system of free business enterprise, and free prices, and free men function satisfactorily -- then we must have democracy and free business enterprise. We cannot defend them on the battlefield and deny them at the ballot box and in the marts of trade. We can build so strongly that we will be impregnable both in war and in peace. We have the resources. We have the technology. And we have the skill. Our opportunity is incomparable. Our responsibility is incomparable too.

We must have a clearer understanding of the fundamental values we are defending. We must not permit any individual or group to endanger those values. The sabotage of production by monopolists must be stopped. Our economic machine must be operated at maximum efficiency. Those who have been enjoying many special privileges are going to have to give them up. The defense of democracy and freedom is a common venture and a common responsibility. This is something worth dying for; it is also something worth living for. Every man must do his part on this job. We can build a nation that will be impregnable in war, and an ordered way of life that will be desirable in peace. This is the choice which America has made.

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